

What's the solution? Generally, you'll have to upgrade to a newer version of QuickBooks if you want to continue using online financial services—something to consider as an added cost if you otherwise would not have chosen to upgrade your copy of QuickBooks so soon.

★ **An alternative to upgrading** is to purchase a third-party QuickBooks add-on which can import Web Connect files^[21] into your current QuickBooks edition. Going this route will require you to manually download the Web Connect files from your bank or credit card company's Web site. Given the extra effort required, most users opt for upgrading to a newer edition of QuickBooks.

Does sunsetting affect QuickBooks Online (QBOL)? No. Online versions of QuickBooks are always current and are never "sunsetting" as the desktop editions are. (Unlike the desktop editions though, using QBOL requires paying a monthly subscription fee.)

What kinds of transactions "make sense" to download? Which are most likely to save me time and effort if I capture them by downloading?

You need to consider whether you work with enough of the kinds of transactions which yield benefits from being captured by downloading, to justify the effort (and sometimes, cost) involved.

Bank accounts

- ◆ **Deposits** should always be entered in QuickBooks before you send them to the bank. You should *never* intentionally capture them by downloading except in rare cases.

Why? Because a downloaded deposit transaction contains sparse details about the individual checks or cash amounts that were included in the deposit. That makes it difficult to know which account(s) should be credited with income or which customer invoices were paid. Also, if you don't have a detailed record of your deposits you cannot know which ones are still outstanding (have not yet cleared the bank) or even whether one may have been lost in the mail—rare, but it does happen. So you cannot know your current bank balance with certainty, and cannot correctly reconcile the account.

- ◆ **Checks you will print from QuickBooks** obviously have to be *entered* in QuickBooks before you can print them. So when you download transactions from the bank those check entries will already exist in QuickBooks. When QuickBooks compares downloaded and existing transactions it will see those check entries as

matching and will not add them (to avoid adding duplicate transactions). In short, no data entry effort will have been saved by downloading these check transactions.

- ◆ **Handwritten checks** are a different story. They may or may not have been entered in QuickBooks prior to downloading transactions. So you might benefit from capturing them by downloading rather than entering them manually—but with one warning: it is important to know which handwritten checks are still outstanding (have not yet cleared the bank). If you don't know that, you cannot know your correct bank balance including outstanding items.

If you decide to allow handwritten check transactions to be captured by downloading rather than entering them manually, be sure to at least keep track of the checks you've handwritten during the month—a paper checkbook register or checkbook stubs works fine for this. After downloading transactions from the bank, manually enter any checks that were not included in the download (because they had not yet cleared the bank). That way, when you reconcile you'll know the correct bank balance including outstanding items.

- ◆ Like handwritten checks, **debit card transactions** (purchases and refunds) don't necessarily have to be entered in QuickBooks before they clear the bank. Also, debit cards are often used for small-amount purchases. Together, these two facts make debit card transactions good candidates for capturing by downloading. So long as your bank account has an adequate balance to cover them, you might capture debit card transactions every couple weeks or even at the end of the month, prior to reconciling the bank account.

Debit card transactions are also like handwritten checks in that some may still be outstanding when you download transactions. To properly reconcile your bank account then, you need to have a record of debit card purchases during the month. Keeping an envelope or pouch of debit card purchase receipts is one way to do that. Before reconciling the account you can manually enter any debit card transactions which have not yet cleared the bank, so that reconciling the account will provide you with the correct bank balance including outstanding debit card purchases.

The bottom line: In a typical small business you may already have entered most **checks and deposits** manually by the time you download transactions from the bank. So if most of your transactions are checks and deposits, downloading bank transactions won't save you much time. But if you write a lot of **handwritten checks** or use a **debit**

card for many purchases, you probably *will* save time by downloading bank account transactions.

★ **Electronic checks are a different story.** They are always entered manually—either in QuickBooks or on the Web site of your bill payment service—so that they can then be processed online. Either way, they should be present in QuickBooks before you download bank transactions. (If they were entered on a bill payment service's Web site, they get added to QuickBooks when you synchronize with the Web site.)



Downloading only captures what has *cleared* the bank!

In case it is not obvious from this discussion, it bears repeating that downloaded bank transactions only include checks, deposits, and debit card transactions which have *cleared* the bank.

The only way you can know your true bank balance is to be sure that *all* checks and debit card purchases—including ones which have not yet cleared the bank—have been entered in QuickBooks. And the only way you can get that done is by having some sort of record of them. For handwritten checks that may be a check register. For debit card purchases it more often will be an envelope, pouch, or folder containing the month's paper receipts.

Credit card accounts

- ◆ **Credit card charges** are a good candidate for capturing by downloading, because they don't normally have to be entered in QuickBooks at any particular time—they only need to be there before reconciling the credit card account. If the credit limit on your card is high enough that you are not concerned about exceeding it during the month, you might just download credit card transactions once a month—right before reconciling the account.
- ◆ **Credit card payments** (payments on the credit card balance) are normally entered in QuickBooks when you make payment on the account, and that is usually done by writing a check or using an electronic transaction. This means they should already be present in QuickBooks when you download transactions, resulting in no time savings for downloading them.

The bottom line: Most QuickBooks users *will* save time and effort by downloading credit card transactions.

Two ways to connect

QuickBooks supports two methods for connecting to your bank or